

DB/S REGISTRY
FILE Personnel 11-1

To: SWC

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" Attached is a rationale for ^a catastrophic health insurance program which is agreeable to both John Warner & [redacted] If you concur in it I suggest you task Ben as our insurance expert to prepare the paper, to which this rationale would be an attachment, that would spell out the parameters of coverage, ~~parameters of the~~ the political implications and the next step of congressional & CSC discussions. Warner could provide an input regarding [redacted] profits to pay premiums "

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W.B. Boone

Note sent to
Mr. Coffey via
Mr. Natta on
11-2-71

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RATIONALE FOR CATASTROPHIC HEALTH INSURANCE

1. It has long been recognized and accepted that the conditions of employment for CIA personnel are such as to set them apart from other Federal employees. They and the Agency are excluded or exempted from many personnel practices, procedures, and policies applicable to employees elsewhere in the Federal Government.

These include the Classification Act, Veterans Preference Act, Civil Service and *other* ~~judicial~~ *Appeal* procedures ~~for appeal~~ of adverse personnel actions.

2. One dramatic example of the extent to which employment conditions for CIA personnel are different from that of other Federal employees is the Agency's mandatory retirement policy, which generally limits the career span of employees to age 60. The normal voluntary retirement age under the Civil Service Retirement System is 65; the compulsory age is 70. The Agency's own retirement system, CIARDS, establishes mandatory retirement at age 65 for employees GS-18 or above. Despite these statutory provisions for retirement at ages beyond age 60 the Director found it necessary to require all employees, regardless of the retirement system under which they are covered, to retire at age 60 or as soon thereafter as they became eligible for voluntary retirement. For most employees retirement takes place at age 60. The basis for the Agency's retirement policy is set forth in a retirement rationale attached to a memorandum approved by the Director on 3 May 1968; paragraphs 8 and 12 are pertinent to this Catastrophic Health Insurance rationale:

"8. . . . The effectiveness with which the Agency fulfills its extraordinary responsibilities depends entirely upon the highest possible

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level of effectiveness in staffing the Agency. Consequently, extraordinary action toward attaining and maintaining this goal--such as effecting a retirement policy more stringent than that for the Federal service in general--is warranted."

"12. . . . In summary, the age 60 retirement policy is a key element of the Agency's efforts to attain excellence in its staffing. Without the policy the entire personnel program of the Agency would be impaired. The most vigorous and productive individuals, finding themselves stymied, will leave the service or will never be persuaded to enter in the first place. By shortening the career span of all employees, service in intelligence will continue to be highly attractive to outstanding young men and women. In the end, our national intelligence objectives will be best served."

Thus, this retirement policy subordinates the wishes of employees, who may want to work beyond age 60, to the best interest of the Agency with the result that for the employee, the shortened span of employment provides less aggregate income over a career period.

3. Employees or dependents requiring extensive treatment and rehabilitation may be denied the use of local, State and Federal facilities. Generally investigations are conducted as to place and type of employment, salary and other factors relating to the condition of the patient as well as ability to pay. There could be a security hazard in revealing such information particularly for those personnel under cover.

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4. It is Agency policy that each employee is expected to live within his means and pay his debts. Yet there are tragic medical conditions which necessarily result in huge expenditures far beyond an employee's means. This poses a potential hazard to the security of the Agency and should be alleviated to the extent possible.

5. Employee's social associations and personal travel are subject to Agency approval; their ability to remain employed after marriage to an alien is subject to Agency approval; they cannot acquire Civil Service status; and have no intra-Agency "bumping rights" during a reduction in force. They accept an obligation to serve where required in whatever type of work required. In some instances their inability to fully describe job duties limits their ability to compete for employment opportunities with private institutions. Further, Agency employees have no outside appeal or recourse in the event of separation under the Director's authority in section 102(c) of the National Security Act of 1947. They cannot have their day in court in pursuing claims against the Agency which would require presentation of evidence concerning their duties, associates or activities.

6. We cannot continually restrict generally accepted employees' rights and benefits and demand more restrictive measures in their work environment and personal life without compensating rewards. While it is true that we have adopted some benefits for our employees not granted to most Federal employees, we have not balanced the equation.

7. The work of the Agency must be performed with utmost responsiveness. This requires a general state of mind on the part of all employees that timeliness is critical, accuracy is imperative and absorption with the task at hand takes priority

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over personal distractions. An Agency paid catastrophic health insurance program will not only provide a well deserved benefit to the employees but will in turn provide benefits to the Agency by improved security and by relieving an employee's pre-occupation with his financial burden increase his effectiveness.

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Remarks: Ed: I think the rationale is looking better all the time. I do feel, however, that the retirement policy should be given a more prominent part in this paper and have taken the liberty of revising paragraphs 1 and 2 to make this point. I offer it as a suggestion only, because I remember that when the paper was being written on retiree travel we were asked to concentrate on the retirement policy more than other limitations on Agency employees.			
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